

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, OCTOBER 3, 2001
10:00 A.M.

Reported by:
Valorie Phillips
Contract No. 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Michal Moore, Acting Chairman

Robert A. Laurie

Robert Pernell

Arthur Rosenfeld

STAFF PRESENT

Steve Larson

Bill Chamberlain

Alec Jenkins

Pramod Kulkarni

Drake Johnson

Melissa Jones

PUBLIC ADVISER

Roberta Mendonca

ALSO PRESENT

Michael Murray
Sempra Energy

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1 P R O C E E D I N G S

2 10:00 a.m.

3 ACTING CHAIRMAN MOORE: The regular
4 meeting for Wednesday, October 3rd, for the
5 California Energy Commission will come to order.
6 We'll stand for the pledge of allegiance.
7 Commissioner Laurie, would you lead us.

8 COMMISSIONER LAURIE: Please join me in
9 the salute to our flag.

10 (Whereupon the Pledge of Allegiance was
11 recited in unison.)

12 ACTING CHAIRMAN MOORE: Thank you very
13 much.

14 Our agenda is somewhat modified today.
15 Commissioner Keese is out of town on state
16 business and will not be joining us by phone, to
17 the best of my understanding.

18 And we have several items that will be
19 either moved or withdrawn. Let me tell you what
20 they are ahead of time so no one is here under
21 false pretenses.

22 We're going to withdraw item 2, the
23 Sunrise Power Project, and put it to an unknown
24 future date.

25 Item 3 has been moved to the October

1 17th business meeting.

2 Item 4 has been moved to the October 17
3 business meeting. That includes, of course, item
4 5 that goes with it.

5 And the items listed under item 8, the
6 Energy Conservation Assistance Act Loan program,
7 are withdrawn and will come back at a future date.

8 With that we have, of course, the
9 consent calendar which includes Seawest, AFS
10 Trinity, Department of Transportation and
11 California Air Resources Board, the Energy
12 Cooperative Development Program grant, and the
13 Otay Mesa Generating Project items.

14 Is there any discussion on consent? The
15 Chair will entertain a motion.

16 COMMISSIONER LAURIE: Move consent, Mr.
17 Chairman.

18 ACTING CHAIRMAN MOORE: Moved by
19 Commissioner Laurie.

20 COMMISSIONER PERNELL: Second.

21 ACTING CHAIRMAN MOORE: Second by
22 everyone. All those in favor signify by saying
23 aye.

24 (Ayes.)

25 ACTING CHAIRMAN MOORE: Those opposed?

1 Motion carries.

2 That brings us to item 6, the Lawrence
3 Berkeley National Laboratory item. Possible
4 approval of contract 400-00-020, amendment 1, for
5 \$300,000. Pramod.

6 MR. KULKARNI: Good morning. I'm Pramod
7 Kulkarni with the PIER program. And specifically I work
8 within the industry ag and water sector of PIER program.
9 The staff is requesting a possible augmentation
10 of an existing contract, by \$300,000.

11

12 And what caused this amendment is the
13 expansion of the scope of a specific task we had
14 for testing fume hoods. Because of the recent
15 energy crisis, the high prices and the potential
16 for this particular fume hood to save energy
17 substantially.

18 Several industrial potential users have
19 come to us and said they would like the task to be
20 expedited and fume hoods tested at their site.

21 So this is the reason the staff is
22 requesting that LBL be granted another \$300,000 to
23 test the fume hoods. There are four sites. Up to
24 four sites will be selected, in pharmaceutical
25 industry and chemical industry.

1 And each one of these fume hoods can
2 save up to 30 to 50 percent energy saving per fume
3 hood per year. So it's a substantial savings.
4 And that's the reason that the staff is requesting
5 that this augmentation be granted.

6 ACTING CHAIRMAN MOORE: And remind us,
7 the budget money comes from what fund?

8 MR. KULKARNI: PIER.

9 ACTING CHAIRMAN MOORE: All coming from
10 PIER. And was this anticipated at all in the --

11 MR. KULKARNI: Some research work in
12 fume hood which was anticipated, but the expansion
13 was not. This happened in last eight to nine
14 months, after the industries realized that the
15 energy bills were going up, and started looking at
16 the options for reducing energy use.

17 So this came out as one option which has
18 the potential for saving energy in the long run.

19 ACTING CHAIRMAN MOORE: Thank you. Are
20 there questions?

21 COMMISSIONER PERNELL: How long will
22 this take, the testing? How long is the contract
23 for?

24 MR. KULKARNI: The contract is for
25 actually two years, but the testing should be done

1 and reports out by next, end of June.

2 There's another component to it, and
3 that is working with CalOSHA to make sure, to
4 convince them that this actually performs the way
5 it's supposed to perform. So the time schedule is
6 end of June next year.

7 COMMISSIONER PERNELL: And I guess my
8 other request, Mr. Chairman, is that we have a
9 report on the resolve of the tests.

10 MR. KULKARNI: Yes, because the
11 technology transfer is an integral part of this
12 particular project, so that will happen.

13 ACTING CHAIRMAN MOORE: So probably the
14 follow-on question to that, Pramod, is that if the
15 testing's been accelerated can the Commissioners
16 expect a draft of the results to come earlier than
17 they might have? Before the final's published can
18 they see an output draft earlier than they might
19 have, otherwise?

20 MR. KULKARNI: Earlier than June 30th,
21 or earlier than what was initially planned?

22 ACTING CHAIRMAN MOORE: Earlier than was
23 initially planned.

24 MR. KULKARNI: Yes, but it's not really the report that is
25 clouded, it is the expanded scope of tasks, which

1 will also be there in the sense how industry sees
2 the benefit. So, yes.

3 ACTING CHAIRMAN MOORE: Thank you.

4 Other questions, gentlemen? Your pleasure?

5 COMMISSIONER ROSENFELD: I move the
6 \$300,000 --

7 ACTING CHAIRMAN MOORE: Moved by
8 Commissioner Rosenfeld.

9 COMMISSIONER LAURIE: Second.

10 ACTING CHAIRMAN MOORE: Second by
11 Commissioner Laurie. Is there discussion on the
12 motion? Anymore in the public who would like to
13 address us on this item?

14 All those in favor signify by saying
15 aye.

16 (Ayes.)

17 ACTING CHAIRMAN MOORE: Those opposed?
18 That motion carries four to zero. Thank you,
19 Pramod.

20 MR. KULKARNI: Thank you.

21 ACTING CHAIRMAN MOORE: We have another
22 PIER item that's before us, actually three items,
23 and a great deal of money.

24 One of the PIER program, the three-year
25 contracts to provide technical support. And that

1 support is going to spend 84 separate areas of
2 energy science and technology, which may, as the
3 notice says, may not become research, development
4 and demonstration projects.

5 ICF Associates, 500-01-006, \$3.6
6 million. SAIC, Science Applications
7 International, \$3.6 million under contract 500-01-
8 007. And under 500-01-008, Arthur D. Little for
9 \$3.6 million.

10 How did, Alec, this come to be so
11 coincident a number?

12 MR. JENKINS: Well, good morning, Mr.
13 Chairman. The reason that the amount, that the
14 funding is being divided equally among the
15 contractors is because they've all come forward as
16 we requested in the solicitation with a full team
17 of expertise representing the 84 technical areas.

18 The reason why we used three teams, and
19 we used three -- two teams in the previous three
20 years, is because we find that particular
21 contractors are stronger in one special area of
22 expertise than another; or that doing, for
23 example, proposal evaluation process where our
24 contractors help us, there are potential conflicts
25 of interest that come up with some of the

1 consultants.

2 So, we have the mobility to move to
3 others who also have expertise in that same area
4 that's required.

5 Or it's a matter of availability.
6 Sometimes the consultant that we would normally
7 turn to is unavailable, and so therefore we can go
8 to a substitute person.

9 We have found last year, for example,
10 when we had two teams under contract that it
11 almost was not enough to avoid potential conflicts
12 in interest. The reason is that some of these
13 technology areas are so new and so narrow that the
14 expertise out there in the world, itself, is new
15 and narrow. And so there's more potential for
16 conflict of interest situations.

17 ACTING CHAIRMAN MOORE: Thank you. Mr.
18 Rosenfeld, you oversee this area, and I'd be
19 interested in your comments on this expansion of
20 the program, extension of the program actually.

21 COMMISSIONER ROSENFELD: Well, the
22 Committee has already seen this and so I'm ready
23 to move the whole \$10.8 million, nearly \$11
24 million.

25 ACTING CHAIRMAN MOORE: Moved by

1 Commissioner Rosenfeld.

2 COMMISSIONER LAURIE: And I would
3 second, Mr. Chairman.

4 ACTING CHAIRMAN MOORE: Second by
5 Commissioner Laurie. Is there discussion on the
6 motion.

7 COMMISSIONER LAURIE: I would just note,
8 Mr. Chairman, that these moneys, this funding has
9 worked successfully with the two current entities
10 that do supply tech assistance. They are a needed
11 element of our PIER program and it is already
12 budgeted and consistent with the expenditures for
13 the program.

14 ACTING CHAIRMAN MOORE: Well, I might
15 just add that in the years that it's taken, a bit
16 of a rough beginning for PIER, and it certainly
17 seems to me that it's smoothed out. And that
18 between PIER and the renewables program we
19 certainly offer an exemplary model. The program
20 has matured and aged, as some of us have, as well.

21 (Laughter.)

22 ACTING CHAIRMAN MOORE: Without any
23 further comment, all those in favor signify by
24 saying aye.

25 (Ayes.)

1 ACTING CHAIRMAN MOORE: Those opposed?
2 That motion carries four to zero.

3 COMMISSIONER LAURIE: Thank you, Alec.

4 ACTING CHAIRMAN MOORE: Thank you, Mr.
5 Jenkins.

6 MR. JENKINS: Thank you.

7 ACTING CHAIRMAN MOORE: All right, let's
8 move, then, to one of our favorite items, the
9 annual reconciliation of retailer claims, the 2000
10 report. Again, a bestseller, I understand.

11 And, Mr. Johnson, as you make your
12 report on this, would you include a couple of
13 comments about the relationship of retailer claims
14 to other western states, and how we are continuing
15 to cooperate and perhaps we'll have some sort of a
16 tracking system that will enable the market
17 participants, should there ever be a market again
18 in the west, to be able to understand the source
19 of the electrons that they're purchasing, or any
20 premiums that might get attached to them.

21 Drake Johnson.

22 MR. JOHNSON: Yes, Commissioner.

23 ACTING CHAIRMAN MOORE: You have to
24 speak right close to the microphone. Somehow our
25 budget has never been upgraded to change these

1 microphones, even though I keep hinting, feel like
2 Christmas, you know. That new bicycle I'd really
3 like to have. Come downstairs every Wednesday and
4 it's not there.

5 COMMISSIONER LAURIE: Perhaps you have
6 not been good.

7 (Laughter.)

8 ACTING CHAIRMAN MOORE: It struck me
9 that that was the likely excuse. I couldn't think
10 of any other excuse why these microphones wouldn't
11 get upgraded. But, perhaps someone out there is
12 listening and I'll just put it out again.

13 Mr. Johnson, please.

14 MR. JOHNSON: Very good.

15 ACTING CHAIRMAN MOORE: Swallow the
16 microphone and then we'll be able to hear you.

17 MR. JOHNSON: Thank you very much,
18 Commissioner. I will proceed.

19 You have a set of overhead slides, or
20 slides that are there, starting with item 9, which
21 I'll kind of walk through, if need be, for further
22 development. And I will tie in how this work, in
23 terms of a regional tracking system, will be and
24 is being coordinated with the current program.

25 As mentioned, we're seeking approval of

1 the report that -- the report is prepared in
2 response to Senate Bill 1305 regulations that
3 basically were put in place in 1997 and created
4 what we know as the power source disclosure
5 program here in the Commission. And so you say,
6 well, what the heck is that.

7 Well, basically what that was, a program
8 was put in place primarily as a customer
9 protection program. It was driven in large part
10 by the energy service providers and public
11 representatives to try and assure that as a result
12 of having direct access, selling electricity as a
13 commodity, like examples of GreenMountain and
14 TenderLand, maybe Enron did up until recently with
15 their customers, that they were getting what they
16 were claimed to be being sold.

17 And so it created a tracking system here
18 in California that was administered by the Energy
19 Commission. And part of that element was that
20 once a year the Commission would report the
21 results of our effort to track these sales by
22 energy service providers to the Public Utilities
23 Commission. And in turn, that would work as a
24 vehicle in case the PUC needed to take any action
25 in terms of violations or people that weren't

1 playing fair in the green power game that we were
2 starting.

3 Well, a couple of things have happened
4 to sort of change that. One is that we are no
5 longer, or we're a minimum amount of direct access
6 as a result of the energy issues and crisis the
7 end of last year, beginning of this year.

8 But what has changed a little bit in
9 that, and we can see that a little bit later, is
10 there's been sort of a new player in the market,
11 the municipal irrigation district types of folks
12 have found that it may be to their advantage in a
13 sense to market the energy that they sell, and
14 where their money goes. Because it's different
15 than the energy being provided by the state.

16 So they have now started to claim, or
17 have what's called a specific purchase, where you
18 identify that the energy you provide your customer
19 is different than call it the average power of the
20 state.

21 So, we're beginning to get an increase
22 in that market and obviously a decrease in the
23 others.

24 Now, the report that you look at here,
25 and we go through the numbers, represent the year

1 2000 before we had this condition of upset in the
2 market.

3 And what was good news up to that point
4 was that except for the fact that we added LADWP,
5 which put a huge number in increase in terms of
6 the energy, we had about a 30 percent increase in
7 participants, and about a 30 percent increase in
8 load, which boded well for the direct access
9 market and its growth.

10 But, when we look at the 2001 numbers
11 I'm sure we'll see a real dive --

12 ACTING CHAIRMAN MOORE: Why don't you,
13 in closing this out, Mr. Johnson, speculate a
14 little bit so the Commissioners are not left
15 guessing what those 2001 numbers might look like.

16 We've got some information coming in at
17 this point, so --

18 MR. JOHNSON: Yeah, I expect they'll be,
19 you know, currently we had like about 21 ESPs in
20 the classic sense, and we'll probably be down to
21 maybe a half a dozen or so that have existing
22 contracts that they'll continue to maintain.

23 What I do expect, we may see another
24 increase in the municipal utilities, three or four
25 more at least. Maybe more than that.

1 A segue there is we had a rule change
2 here at the first of the year that was adopted by
3 the Office of Administrative Law, which now
4 requires that all providers in the state, whether
5 it be Edison or GreenMountain, and anybody in
6 between, provides the Commission with a copy of
7 the labels they give their customers quarterly.

8 And by having that information it will
9 allow the Commission now to track compliance in
10 one way. And also it will help us to have a
11 better understanding.

12 But all of this said, we track all these
13 sales, and last year DOE put up an offering for
14 some funding availability which the Commission,
15 along with representatives of Washington and
16 Oregon, partnered with them. We were successful
17 in that DOE grant -- this is what Commissioner
18 Moore was speaking about -- to set up an overall
19 tracking system for transactions of energy
20 throughout the WSCC system.

21 So currently there is a, call it a beta
22 version of a tracking system available that's been
23 developed by Washington. We're looking to expand
24 it. We'll do it through the CREPSI organization.
25 And to some degree it will be not unlike what's

1 being done in Texas where they track the
2 transactions. Ultimately it should help all of us
3 in tracking our energy relationships throughout
4 the state and the WSCC.

5 ACTING CHAIRMAN MOORE: Thank you.
6 Commissioners, I would just say in your future
7 years on this Commission you may find this is a
8 little bit obscure, but it's a nice bellwether.
9 This is the canary in the cage, if you will, that
10 can give you a little bit of a snapshot of what's
11 happening in the market.

12 So, pay attention to what is happening
13 here, and next year I'm going to ask the staff to
14 make sure that the report includes a track of
15 what's happened over the last three, and then at
16 that point, four years of activity. So you'll be
17 able to graphically start to see trends in each
18 one of the categories.

19 But, I commend this to you for your
20 future reference. It's a nice tool to be able to
21 see what's happening out in the broader arena.

22 COMMISSIONER LAURIE: Question, Mr.
23 Chairman.

24 ACTING CHAIRMAN MOORE: Commissioner
25 Laurie.

1 COMMISSIONER LAURIE: Mr. Johnson, will
2 you remind me what the first column entitled
3 product name is intended to give to us?

4 MR. JOHNSON: Certainly. You're looking
5 at, on the fourth slide, I take it, here, where it
6 talks about the annual comparison.

7 COMMISSIONER LAURIE: I'm looking at
8 the --

9 MR. JOHNSON: This picture here?

10 ACTING CHAIRMAN MOORE: No, he's looking
11 on page 2 of the report, --

12 COMMISSIONER LAURIE: The draft report.

13 ACTING CHAIRMAN MOORE: -- power content
14 label, product name, what the ESPs would have been
15 offering on the market if there were any ESPs to
16 offer anything. Power content label, Drake.

17 MR. JOHNSON: Oh, power content label,
18 first column. Yes. That represents where the
19 money goes.

20 So if you were a customer of
21 GreenMountain and you signed up to buy a product
22 that said was 100 percent renewable, then the
23 first column would be -- the product name might be
24 GreenMountain 100 percent. And you would get that
25 label four times a year that would say that's what

1 you signed up to buy.

2 And then they're required to report to
3 us on an annual basis where we can actually track
4 that the generation that they bought did, in fact,
5 produce enough energy to support the claim.

6 COMMISSIONER LAURIE: Okay, I don't
7 understand that. When you look at the 2000 power
8 mix and you see 12 percent comes from renewables,
9 okay.

10 MR. JOHNSON: Right.

11 COMMISSIONER LAURIE: What does the 56
12 percent mean?

13 MR. JOHNSON: What that -- this
14 particular label is set up for what's called a 50
15 percent product, which means that if you bought a
16 50 percent product half of the power would come
17 from, in this case, renewable resources --

18 ACTING CHAIRMAN MOORE: Drake, hang on.
19 Let me try this again. Bob, what's happening here
20 is let's say that you've got an ESP who puts
21 together four or five different packages that they
22 offer in the retail market.

23 And one of them they call their -- I'm
24 making this up now -- their preferred provider
25 renewable package. And in that they guarantee to

1 you that for the money that you're spending their
2 representative buy on your behalf meant that they
3 went out in the market and they got at least 50
4 percent of renewable projects to be able to sell
5 back.

6 COMMISSIONER LAURIE: I see.

7 ACTING CHAIRMAN MOORE: And that this
8 package includes no more than 9 percent of
9 nuclear, no more than --

10 COMMISSIONER LAURIE: This is a sample?

11 ACTING CHAIRMAN MOORE: Right.

12 MR. JOHNSON: Exactly.

13 COMMISSIONER LAURIE: Okay, thank you.

14 MR. JOHNSON: And the 50 and the 6 is
15 that half of the 12 percent comes from the rest of
16 the system.

17 COMMISSIONER LAURIE: Yeah, okay. Then
18 the next question. Under hydro, under large
19 hydro, how much of that comes from imports? Do
20 you know?

21 MR. JOHNSON: The -- the Pacific
22 Northwest primarily. Yeah, that I don't know.
23 It's however much we get on a state basis, the
24 total amount, which is probably a major portion of
25 it.

1 COMMISSIONER LAURIE: Do we know, in the
2 state-produced power mix, how much is large hydro?
3 How much, in total power produced instate, how
4 much is large hydro?

5 MR. JOHNSON: I don't personally know
6 right here, but, yes, --

7 ACTING CHAIRMAN MOORE: That's a
8 combination of --

9 MR. JOHNSON: -- the answer is yes, --

10 ACTING CHAIRMAN MOORE: -- and PG&E --

11 MR. JOHNSON: -- we probably do.

12 ACTING CHAIRMAN MOORE: And, you know,
13 we do --

14 MR. JOHNSON: Yeah, that --

15 ACTING CHAIRMAN MOORE: -- know that
16 number, and Mr. McClusky's got it. We'll have to,
17 we'll get it up to you, but --

18 MR. JOHNSON: Ron Weatherall can provide
19 that --

20 ACTING CHAIRMAN MOORE: -- I don't have
21 it on --

22 COMMISSIONER LAURIE: I would be
23 interested in seeing the pie chart of instate
24 production. I have seen that, but not recently.

25 Instate production of coal is zero,

1 would that be correct?

2 ACTING CHAIRMAN MOORE: Actually
3 technically not. There's some out in the San
4 Bernardino County on the eastern side. It's
5 minuscule, but there is actually some.

6 COMMISSIONER LAURIE: Okay.

7 MR. JOHNSON: Less than a percent, but,
8 yeah.

9 ACTING CHAIRMAN MOORE: Okay, Drake,
10 that's fine, thank you.

11 MR. JOHNSON: Okay. But a plug for this
12 program we're working on, it will allow us to have
13 a better understanding of the regional resources.

14 ACTING CHAIRMAN MOORE: All right,
15 I'm --

16 COMMISSIONER PERNELL: I have a
17 question.

18 ACTING CHAIRMAN MOORE: Yes, I'm sorry,
19 Commissioner Pernell.

20 COMMISSIONER PERNELL: How many ESPs we
21 have now?

22 MR. JOHNSON: Okay, for the year 2000 we
23 had like 14. And this year I expect we'll have a
24 significant drop. And it may be like maybe half a
25 dozen or so that will be active throughout the

1 year 2001.

2 COMMISSIONER PERNELL: Right, and that's
3 -- and in your estimation, why is that? Is it
4 because of the challenge we've had over the last
5 18 months?

6 MR. JOHNSON: Two things. Basically
7 it's the big challenge. And then the fact that
8 we've pretty much foreclosed the opportunity for
9 any new entrants in the market with the recent PUC
10 decision.

11 COMMISSIONER PERNELL: Do you see that
12 increasing in the future years, the number of
13 ESPs?

14 MR. JOHNSON: Well, I think two things
15 could do that. One is we'd have to reverse the
16 decision from the PUC, which would allow it to
17 take place.

18 And the other would be --

19 ACTING CHAIRMAN MOORE: Direct access is
20 what you're talking about.

21 MR. JOHNSON: So you could have direct
22 access. And then the other would be some way of
23 opening up the market so there's more ability for
24 these people, the ESPs to secure energy to market
25 and sell as a product with a different service to

1 it. But, --

2 ACTING CHAIRMAN MOORE: So, the answer
3 is --

4 COMMISSIONER PERNELL: Is that a
5 subsidy?

6 ACTING CHAIRMAN MOORE: -- no.

7 MR. JOHNSON: Probably not until CDWR
8 pays off its contracts.

9 COMMISSIONER PERNELL: Well, we don't
10 know if that's going to happen. At least not in
11 the short run. That's all I had.

12 ACTING CHAIRMAN MOORE: Thank you.
13 Other questions?

14 All right, I'm going to take the
15 opportunity to move the item before us.

16 COMMISSIONER ROSENFELD: I second it.

17 ACTING CHAIRMAN MOORE: Second by
18 Commissioner Rosenfeld.

19 All those in favor signify by saying
20 aye.

21 (Ayes.)

22 ACTING CHAIRMAN MOORE: Those opposed?
23 That motion carries.

24 And I believe that brings us to the
25 natural gas infrastructure issues report, which as

1 you all know, has been a very vibrant and well
2 publicized report.

3 And I'd like to make some introductory
4 remarks and then I'm going to ask Ms. Jones to
5 follow on. And then we'll talk a little bit about
6 what comes next.

7 I know there are people who would like
8 to talk on this item, so let me just, for the
9 record, remind you that following the release of
10 the Electricity and Natural Gas Committee report
11 in August, several parties at the August 22nd
12 business meeting, including the CPUC via their
13 Chairman, asked the Commission to delay adoption
14 of the report so that more detailed comments and
15 critique could be provided.

16 The issue is obviously very important.
17 There are hearings that are going to be convened
18 in Washington here shortly to deal with this.
19 It's an ongoing issue for the FERC and frankly
20 it's probably an item that is appearing on the
21 docket of every PUC or Commission in the west at
22 the current time.

23 So, we believe that what we've done in
24 terms of delaying and trying to take advantage of
25 those comments has balanced the report, made it

1 more accurate. I'm certainly indebted to those
2 who went through with a literal fine-tooth comb to
3 make sure that the numbers were accurate and
4 reflected the current state of knowledge about the
5 gas system.

6 The report importantly concludes that
7 the natural gas infrastructure, such as receipt
8 capability and interstate pipelines are highly
9 cost effective to build and can be brought on line
10 relatively quickly. That, in contrast, the price
11 of the resource, itself, the gas, is relatively
12 expensive. And as you've seen, experiences very
13 volatile price swings over time.

14 As a result we argue strongly that we
15 should have expansion of the California receipt
16 capacity instate, California's backbone
17 infrastructure, including storage and interstate
18 pipeline capacity ultimately into the state.

19 And I will acknowledge publicly, we
20 certainly do so in the report, that the companies
21 within California have stepped up to the plate and
22 begun to accelerate the construction of new
23 facilities.

24 And I note that there is a renewed
25 interest on the part of our colleagues in

1 San Francisco to actually move things through the
2 docket at a pace that's somewhat beyond glacial,
3 and make sure that they are supportive of this
4 effort, as well.

5 So, we are encouraged by interstate
6 pipeline company announcements recently concerning
7 planned expansion. You'll find those listed in
8 several tables in the report. And the
9 construction of entirely new projects, as well as
10 some bypass or lateral extension projects down
11 near Daggett.

12 We're further encouraged by Chairman
13 Woods' announced intention to speed up the
14 approval process at the FERC for these, and I will
15 simply say that our relationship with that body,
16 as a state, has improved dramatically. And we
17 only expect that to continue. I think that we're
18 getting a lot more attention than we had in the
19 past, and it's all to the good.

20 We note that under the guidance of the
21 CPUC SoCalGas is constructing a 375 million cubic
22 feet per day of additional receipt capacity that
23 will be on line by the end of this year. And that
24 shows you how rapidly pipe can actually be built.
25 The numbers of actual miles per day are astounding

1 that they can build.

2 PG&E has also announced plans to add
3 between 200 and 600 million cubic feet to its
4 receipt capacity. We're not certain at this point
5 when that will be completed.

6 All right, based on the comments that
7 we've received, we've clarified the report. We
8 tried to make sure that it is as accurate as
9 possible. There are still probably areas where
10 people will have differences of opinion. And, you
11 know what, it happens.

12 And at some point you stand up and you
13 say, well, all right, we've listened to as many
14 different points of view as we can, and at this
15 point the report now reflects our best judgment.
16 There may still be disagreements but frankly this
17 is as good as we can get; this is as clear as we
18 can make it.

19 And where there are differences of
20 opinion, then we stand firmly on our conclusions.
21 We stand firmly on our data. And our
22 recommendations, we believe, are reasonable. They
23 represent an independent evaluation of the market
24 which is what this Commission is all about.

25 And, frankly, I'm very very proud of it.

1 In that light let me simply add some thank yous,
2 because I think it's appropriate and certainly
3 timely.

4 I thank my Associate Commissioner
5 Rosenfeld very much for his attention to detail
6 and sticking with me through this long travail,
7 and making it happen.

8 The Executive Officer has certainly been
9 my conscience on this, and has helped me see the
10 light in many many ways, and understand some of
11 the pitfalls that might have laid before me on
12 some of the other areas.

13 But I tell you this report is something
14 that could not have been done without the staff
15 work and the committed efforts of the people who
16 were the backbone of writing it. And I
17 specifically commend Bob Logan and Melissa Jones
18 and Bill Wood, who I don't see in the audience,
19 Jairam is here. But you have a list of those
20 folks in the front of the document. And I want to
21 say that there will be a letter that goes out, and
22 maybe that's small recompense for all the hard
23 work that they put in, but this is a dedicated
24 report and it is a milestone in this Commission's
25 history.

1 This provides a foundation, a base from
2 which to proceed. There will be forecasts that
3 will come out and I grant you, this is a
4 complicated area. It's complicated not only
5 because of the subject matter, but because of the
6 regulatory inter-relationships with the PUC, the
7 Governor's Office, and the Federal Energy
8 Regulatory Commission.

9 So, balancing all of those and getting
10 an accurate forecast is difficult, at best. But
11 we did it and the next round of the Commissioners
12 who oversee this in the future, I think that their
13 job will be easier. And they're going to look
14 back to an accurate and timely foundation from
15 which to proceed.

16 So, I say when you look back over at
17 your copy and you see the names of all the people
18 that worked so hard on this report, and you see
19 them in the hall, please say thank you, because
20 they deserve it. Many many long weekends and
21 evenings trying to make sure that the issues that
22 the Committee thought were very important got
23 addressed in the end.

24 And, Ms. Jones, I'm going to turn to
25 you, and then we're going to open this for some

1 public comment.

2 MS. JONES: Thank you, Commissioner.
3 I'll just briefly go through the major conclusions
4 of the report, and then the recommendations.

5 The report does conclude that
6 insufficient receipt capacity within California,
7 and insufficient capacity on the El Paso system
8 both contributed to the high prices that
9 California experienced in late 2000 and early
10 2001.

11 We believe that as a result of those
12 constraints buyers were less able to force
13 suppliers to bid against each other.

14 The extent to which the market, or which
15 the prices that we did experience were the result
16 of a free market rationing scarce supplies through
17 high prices, or were the result of price
18 manipulation, or some combination of those two
19 factors is beyond the scope of this report. And
20 we've tried to make that very clear.

21 We do note in the report, however, that
22 the PUC is currently making a case before FERC
23 that high natural gas prices in California were
24 the result of market manipulation.

25 The report notes several other factors

1 that influenced gas prices during 2000 and 2001.
2 These include the fact that large southern
3 California gas consumers began the winter with low
4 storage inventories.

5 California does not currently receive
6 the full amount of firm pipeline capacity for
7 which its shippers have contracted and paid. We
8 note that there were significant increases in
9 natural gas wellhead prices that affected prices
10 across the nation.

11 And we also note that electric
12 generators were relatively indifferent to high
13 prices for gas as a result of the runaway
14 electricity market in which they could pass along
15 literally any gas cost to consumers.

16 The report does take a strong stand on
17 the main conclusion regarding inadequate
18 infrastructure. It reinforces that California can
19 no longer plan for the future as if we lived in a
20 regulated, cost-plus environment. Under such an
21 environment, with price regulation, adverse hydro
22 conditions like we've experienced in the last year
23 or two, and extreme temperatures do not lead to
24 the types of extreme price spikes that we have
25 seen.

1 Under today's conditions that's no
2 longer the case. California is virtually
3 completely reliant on gas-fired generation and
4 that, taken together with the deregulation of
5 prices, creates a new paradigm.

6 The report does encourage all the
7 participants in the California natural gas market
8 to participate in efforts we are undertaking to
9 reevaluate the current design criteria for the gas
10 infrastructure and to apply risk analysis to
11 develop better design criteria that are better
12 suited to the new paradigm we face.

13 The recommendations in the report
14 include analyzing the consequences of increasing
15 upstream demand for gas on the El Paso pipeline
16 system, which we see as a possible influence in
17 the future that could reduce the flow of gas into
18 the state.

19 And to examine the flows of both natural
20 gas and electricity within the entire western
21 region and Mexico.

22 We encourage instate natural gas
23 production that will supplement imports of natural
24 gas for the state. We're encouraging the
25 resolution of gathering system issues and the

1 implementation of other incentives that will
2 increase natural gas production in the state.

3 We are recommending that we reevaluate
4 and consider the new design criteria I mentioned
5 just a minute ago, along with reliability
6 standards for the natural gas system, to reflect
7 in particular the growing demand by electric
8 generators in the state.

9 We're recommending that the state
10 establish an integrated planning function for the
11 state's natural gas pipeline and storage
12 facilities that will help us identify the capacity
13 additions that we will need to meet future demand
14 in the state.

15 We are also recommending reevaluation
16 and reconsideration of natural gas curtailment
17 rules that currently call for a pro rata sharing.
18 We would encourage that we look at rules that
19 might emphasize efficiency and optimize the use of
20 gas during shortage conditions.

21 Finally, the Commission will be
22 embarking on some workshops to look at the issue
23 of optimizing the use of natural gas storage by
24 noncore customers, particularly electric
25 generators. And we have a number of options that

1 are listed in the report of things that we can
2 examine.

3 And finally, we encourage the
4 development of additional independent gas storage
5 in the state. And we believe that that will
6 significantly help the situation during short
7 conditions.

8 And with that, --

9 ACTING CHAIRMAN MOORE: Thank you. Are
10 there questions from the Commissioners for staff
11 who are here?

12 COMMISSIONER PERNELL: I have one
13 question, Mr. Chairman.

14 ACTING CHAIRMAN MOORE: Commissioner
15 Pernell.

16 COMMISSIONER PERNELL: One of your
17 recommendations, the integrated planning function,
18 is that going to be in conjunction with another
19 agency? Or that's just the Commission's planning
20 function?

21 MS. JONES: At this point, the report
22 calls for the state to institute an integrated
23 planning system. At this point we haven't
24 identified which is the most appropriate agency.
25 We expect to be working with the Administration on

1 that issue and with the Legislature, as well.

2 COMMISSIONER PERNELL: Surely with this
3 report, if you need my recommendation, I'll be
4 happy to give it to you.

5 A great report, and I, too, want to
6 thank you and the Committee. And I'll do that
7 when I speak to the motion.

8 ACTING CHAIRMAN MOORE: Thank you, Ms.
9 Jones.

10 Mr. Murray, you've submitted a blue
11 card, and the Commissioners have a copy of a
12 letter that you addressed to the Committee.
13 Welcome.

14 MR. MURRAY: Good morning, Commissioner
15 Moore, and other Commissioners. My name is Mike
16 Murray, and I am here on behalf of Sempra Energy,
17 which is the parent company of Southern California
18 Gas Company and San Diego Gas and Electric.

19 I would first, too, like to mimic your
20 comments about the quality of the report and the
21 work of the staff. We have submitted comments all
22 along beginning in May about the report, and we
23 are very thankful that the staff has looked at
24 those comments, actually included them in the back
25 of this particular draft, and have incorporated a

1 number of those comments in the report.

2 So, we're very thankful of that. We
3 think it is a very detailed analysis and we think
4 basically the facts that are presented reflect
5 pretty much the current condition of the gas
6 market today.

7 In the comments that we submitted today,
8 it's kind of our final comments on the report, and
9 I'd just like to briefly go over those.

10 A couple things that I think we all
11 ought to consider, and I think, Commissioner
12 Moore, you mentioned that earlier in your opening
13 comments, it's a very complex area. We all agree
14 that the conditions that occurred this last winter
15 were perhaps not typical of conditions that occur
16 on an annual basis.

17 There was a lot of factors, external
18 factors, that went into why we had the situation
19 we did in terms of the high prices and the supply
20 issues.

21 We think that it's important that we go
22 forward in a collaborative fashion with all of the
23 stakeholders, the Commission and other agencies,
24 to look towards the future on how best to address
25 the natural gas supply and demand issues in the

1 future.

2 We think that building state
3 infrastructure is a very complex and detailed
4 process. There's a number of parties that are
5 involved. Historically the gas company have been
6 the ones that have looked at their forecast, have
7 decided what is necessary, what needs to be build
8 to provide service to our customers. And we've
9 gone forward with those.

10 And as you mentioned, we have about 375
11 million cubic feet that we're adding at the end of
12 the year. And I will tell you, having been in the
13 permitting process for almost 30 years, that I
14 have never seen such cooperation by a number of
15 state agencies to try to expedite permitting.
16 It's absolutely incredible how we've been able to
17 get these projects through and approved, and into
18 the ground in a timely fashion. And that's been a
19 very positive.

20 And so we think with those types of
21 collaborative efforts that we can move forward
22 with a process that's going to assure that our
23 customers and that the people of California get
24 the natural gas that they need and that they rely
25 upon us.

1 So, with that, I'll conclude. And,
2 again, thank you to the staff and to the
3 Commission for their leadership in this effort.
4 And we look forward to working with you all in the
5 future on these types of issues.

6 COMMISSIONER PERNELL: Mr. Chairman.

7 ACTING CHAIRMAN MOORE: Commissioner
8 Pernell.

9 COMMISSIONER PERNELL: One quick
10 question. How long is that pipeline, just so I
11 can visualize.

12 MR. MURRAY: Well, the 375 million cubic
13 feet actually represents about four different
14 projects. The primary project is what we call our
15 Kramer interconnect pipeline which is about a 32
16 section of pipeline that hooks into the
17 Kern/Mojave pipeline and bring it down into a city
18 called Atelanto, that then feeds it into our
19 system.

20 So the main project of that 375 million
21 cubic feet is the Kramer project, and it's about
22 32 miles.

23 Now, where that's at right now is we're
24 in the final permitting process. We're working
25 with some of the federal agencies, Fish and

1 Wildlife on some biological surveys. We hope to
2 have those completed in the next few weeks, have
3 construction started on that so that that'll be
4 operational by the end of the year.

5 COMMISSIONER PERNELL: Thank you.

6 ACTING CHAIRMAN MOORE: Thank you.
7 Mike, I suppose this means that you guys can take
8 my picture down off your dartboard in the
9 employees' room.

10 MR. MURRAY: You're absolutely correct,
11 yes.

12 (Laughter.)

13 ACTING CHAIRMAN MOORE: Thanks.

14 COMMISSIONER PERNELL: Oh, that means it
15 was up there.

16 ACTING CHAIRMAN MOORE: Now that the
17 report can finally go to bed. Is there anyone
18 else in the public who would like to address us
19 today on this item?

20 I'm going to bring this back to the
21 Commission and, gentlemen, if you'll permit me, I
22 would like to make the motion to adopt the report
23 and again say my thanks to all the people who
24 simply could not have done this without. I am so
25 much in their debt.

1 COMMISSIONER ROSENFELD: I second.

2 ACTING CHAIRMAN MOORE: Second by
3 Commissioner Rosenfeld. Discussion on the motion?

4 COMMISSIONER PERNELL: Mr. Chairman.

5 ACTING CHAIRMAN MOORE: Commissioner
6 Pernell.

7 COMMISSIONER PERNELL: I would just echo
8 all of the thanks for the Committee and everyone
9 that participated in this. I know that Melissa
10 has been in my office a number of times briefing
11 me on this report.

12 I think it's a very comprehensive report
13 and I'm certainly in favor. I do have a question,
14 and I think this goes to the Executive Director.
15 And that is, I want to be sure that we have the
16 resources to continue this type, once this report
17 is passed and there is some other Commissioner
18 Moore has said that is kind of the foundation, and
19 we're going to be going forward with other types
20 of other reports or planning functions, hopefully.

21 Do we have the resources to continue
22 this? I would hate to see a report of this
23 magnitude just stop right here with the adoption.

24 MR. LARSON: I agree, Commissioner
25 Pernell, that it's this kind of report that is one

1 of our great strengths in terms of guidance for
2 the government of California and the people of
3 California.

4 And it's certainly in our budget
5 exercise that we're going through. We've tried to
6 add additional funds in terms of providing
7 resources not just for this, but for this type of
8 information gathering and analysis.

9 So, I think certainly we're all
10 committed to the idea of making sure that this is
11 not one of a kind, but is an ongoing exercise.

12 COMMISSIONER PERNELL: Thank you, Mr.
13 Chairman.

14 ACTING CHAIRMAN MOORE: Question,
15 Commissioner Laurie.

16 COMMISSIONER LAURIE: Mr. Chairman, what
17 would you recommend as to the procedures for
18 distribution of this report?

19 ACTING CHAIRMAN MOORE: That's a good
20 question. We've made this report widely available
21 on the worldwide web so people can get the newest
22 version, the final version, and downloaded in a
23 PDF file.

24 We will also respond to those, will make
25 notice known on our website that it is available,

1 and we'll supply copies.

2 I'd like to make sure that a copy with
3 an introductory letter gets over to every member
4 of the Legislature and certainly the Governor's
5 Office.

6 And I would say that a very important
7 comment by Mr. Murray about the next steps,
8 because what I'd like to do is to make sure that
9 in a series of workshops to come up before the end
10 of the year that we show a renewed commitment to
11 involve ourselves with the industry and make sure
12 that the forecasts, the next steps, the risk
13 analysis are taking place really in a very
14 collaborative atmosphere with the companies that
15 actually put this on the ground.

16 Because as Mr. Murray pointed out, the
17 responsibility for this kind of event used to take
18 place solely within the Gas Company. Well, it's a
19 new world, but it's not a totally defined world
20 that we live in today. And it's not clear what
21 the regulatory overlaps will be, or what the
22 regulatory-slant-legislative responsibilities will
23 be.

24 I think we can create that world. And I
25 think we can literally set the framework and the

1 format for it, ourselves. Bring that debate here
2 to the Energy Commission where it can, let's say,
3 achieve its most open and visible role in front of
4 the public. And make sure that the next round of
5 forecasts are taking place in the most visible
6 public way possible.

7 So, I think distribution of the report
8 is the first step, and then a very visible
9 participation in a set of workshops is the next
10 step.

11 MS. JONES: Commissioner Moore, I'd just
12 like to clarify that once the Commission, assuming
13 they adopt the report, it would then become an
14 Energy Commission document. It would no longer be
15 a Committee document. We would then do very final
16 types of edits, just checking for typos, and
17 removing references where the Committee has made
18 recommendations to make those Energy Commission
19 recommendations.

20 And with that, then it would be posted
21 again on the web and become a final report.

22 ACTING CHAIRMAN MOORE: Add color where
23 appropriate, which will spice it up.

24 COMMISSIONER LAURIE: And is this stored
25 in the library?

1 MS. JONES: Yes, it is. It will be.
2 And it will be available from our publications
3 unit.

4 COMMISSIONER LAURIE: Steve, maybe you
5 know, in the library list of publications is
6 there, I really need to talk to the librarian
7 about this, is there a list of such reports, do
8 you know, so if I went in to the librarian and I
9 said, give me a list of all the reports that we've
10 approved in the last five years, do you think such
11 a list exists?

12 MR. LARSON: You know, I haven't asked
13 the question in the last, since this day, but I
14 know 20 years ago when I was here the last time
15 that there was one being developed. And I see no
16 reason why we wouldn't have one.

17 ACTING CHAIRMAN MOORE: Actually I know
18 the answer to that. And the answer is yes, there
19 is. There's a physical list. But there's also a
20 very interesting list on the web site that talks
21 about publications and you can do a sort to figure
22 out which category you want to find a report in.
23 And if they're not already up in a pdf file, you
24 can get reference back to the library and get a
25 copy.

1 But they are all listed, and literally
2 all the way back to the start of our items.

3 COMMISSIONER LAURIE: Thank you.

4 ACTING CHAIRMAN MOORE: All those in
5 favor of the motion signify by saying aye.

6 (Ayes.)

7 ACTING CHAIRMAN MOORE: Those opposed?
8 That motion carries four to zero. And thank you
9 all very much.

10 COMMISSIONER PERNELL: Thank you.

11 ACTING CHAIRMAN MOORE: Very much. All
12 right, I'm going to skip over item 11 and come
13 back to it.

14 Let me go to Chief Counsel's report.
15 Counsellor?

16 MR. CHAMBERLAIN: Yes, Mr. Chairman, I
17 need a brief closed session at the end of the
18 meeting for a matter of litigation.

19 ACTING CHAIRMAN MOORE: You had one of
20 those last week.

21 MR. CHAMBERLAIN: This is a different
22 matter.

23 ACTING CHAIRMAN MOORE: And the week
24 before. This is, I don't know, very suspicious.
25 All right, we'll adjourn this meeting into a brief

1 executive session --

2 COMMISSIONER PERNELL: He's going to
3 have to start buying lunch.

4 ACTING CHAIRMAN MOORE: -- following
5 everyone's comments.

6 COMMISSIONER LAURIE: Were you going to
7 bring up number 11?

8 ACTING CHAIRMAN MOORE: Yeah, we're
9 going to come back to it. Executive Director's
10 report? And we have Public Adviser's report.

11 MS. MENDONCA: Commissioner Moore,
12 there's nothing specific this time, thank you.

13 ACTING CHAIRMAN MOORE: Thank you. Is
14 there anyone in the public who would like to
15 address us on any item not on the agenda?

16 All right, gentlemen, let me bring you
17 back to item 11. And I want to make some remarks.
18 I'm sorry that Commissioner Keese is not available
19 to hear these, but I'm sure his Aides will advise
20 him that I'm making these kinds of comments.

21 I will note as a procedural matter that
22 the order which is entered, the extant order is
23 00101119, the order that set up our Committee
24 structure within the Commission is now out of
25 date. It's supposed to be adopted and re-adopted

1 annually, which is merely a bookkeeping way to
2 make sure that we're all in full understanding of
3 our roles on the different committees and our
4 responsibilities.

5 But it also serves to make sure that the
6 protocols are being followed and that the
7 committees are functionally working in the most
8 efficient way possible.

9 That order, by the way, expired on June
10 30 of this year.

11 We're set up under a series of standing,
12 and sometimes ad hoc committees to do our
13 business. And we assign the Commissioners to
14 those committees through the Office of the
15 Chairman.

16 And while I'm, as you can tell,
17 resisting the idea to fully revamp all the
18 Committees today, as the Acting Chairman, and
19 change everything around, which I'm not going to
20 do, so no one has to worry, but I would simply say
21 that it seems to me it is timely and appropriate
22 to go back and examine what our roles and
23 responsibilities are.

24 It gives each one of us a chance to
25 report in, which we haven't been doing very

1 regularly, on the projects that are being
2 undertaken under the oversight of each Committee.

3 But also to understand the protocols by
4 which the Committee operates with regard to the
5 other Commissioners, and the other Commissioners'
6 offices, and by the way, we have an adopted set of
7 protocols that you will all recall are supposed to
8 govern how the committees do their business and
9 how they report back out.

10 And we ought to review those, as well as
11 the assignments. But also we ought to review the
12 protocols that dictate how staff work for and
13 respond to Committee direction. We can, in the
14 heat of battle, often get pretty strung out and
15 not very focused on what our responsibilities are.

16 I think recent events have taught us
17 that we can stray from our mission and stray from
18 some of our reporting responsibilities. And I
19 think it's important to make sure that staff
20 understand the responsibilities and the divisions
21 of labor between the committees and their own
22 workload.

23 So, with that in mind, I would like to
24 suggest that we undertake a review of the
25 committee assignments that are extant today, and

1 that we take up the question of the timeliness
2 and/or current relevance of the protocols that
3 guide committee actions and guide staff
4 relationships.

5 I would propose that we agenda this for
6 the next full meeting when all of us are together,
7 or that we schedule a special meeting in the week,
8 the open week between regular business meetings
9 that's coming up, and that this be a topic where
10 we can opine and either reaffirm or take on a
11 redistribution of responsibilities.

12 And I open that for your comment.

13 COMMISSIONER LAURIE: Mr. Chairman, if I
14 may.

15 ACTING CHAIRMAN MOORE: Commissioner
16 Laurie.

17 COMMISSIONER LAURIE: We discussed this
18 issue briefly a couple weeks ago. As I had
19 recalled that three years ago this Commission
20 spent hours and hours and hours putting up yellow
21 PostIt notes on this very subject.

22 Commissioners Rosenfeld and Pernell do
23 not have the advantage of having sat through those
24 discussions.

25 As this Commission enters next year I

1 think it is essential that there be a recordation
2 of history as to how we all have thought about the
3 functioning of this Commission, as a Commission.
4 I think there will be challenges enough next year.

5 It is critical, in my view, that the
6 foundation of the management of this organization
7 be well settled by the time we get into the early
8 months of next year.

9 There will certainly be transitions in
10 this Commission, the extent to which I do not
11 know. But there will certainly be some. I would
12 look forward to those discussions that you have
13 initiated.

14 This Commission bears the responsibility
15 for the functioning of this building, both
16 internally and externally, I think. In light of
17 how busy we all have been over the last couple
18 years, maybe focus has been lost somewhat. It is
19 important to bring us back to an understanding of
20 what our functions and our responsibilities are.

21 So I concur with your comments. I don't
22 know whether you have in mind some informal
23 discussions like we had all through that year. Or
24 more formalized discussions. But those
25 discussions must occur, and I would look forward

1 to that.

2 ACTING CHAIRMAN MOORE: Actually what I
3 had in mind was something a little more informal
4 where we operate as a committee of the whole, but
5 perhaps go off campus, even if that means that off
6 campus is the third floor conference room, to have
7 these discussions in a relatively informal
8 setting. And be able to debate responsibilities.

9 And I take note of the yellow PostIt
10 days. And I can only say I'm sorry that
11 Commissioner Pernell and Commissioner Rosenfeld
12 didn't get to take advantage of that.

13 (Laughter.)

14 COMMISSIONER LAURIE: No pain, no gain.

15 ACTING CHAIRMAN MOORE: They were long
16 days. But I think we have videotape of those
17 meetings, and that given a couple of weeks of set-
18 aside time you can relive those moments of anxiety
19 and tension all by yourselves.

20 Other comments on this? Otherwise I'm
21 going to work with Betty to try and find a day
22 when everyone can come together and we'll give
23 proper notice and the like. We've got some
24 experience in how to do that now without shaking
25 up the public world.

1 Any other comments on the efficacy of
2 this?

3 COMMISSIONER PERNELL: Mr. Chairman, I
4 think you've framed the topic well, and I
5 certainly don't have any objections to it. But I
6 do take issue with all of the yellow stickers.
7 And I would much rather have an informal process
8 than everybody going off campus and sitting around
9 getting mad at each other.

10 So, I guess my comment is I'm not
11 opposed to that, but we should do it in more of an
12 expedited manner than taking six months to have it
13 get done.

14 COMMISSIONER LAURIE: Time is an issue.

15 ACTING CHAIRMAN MOORE: Time is an
16 issue, we're all agreed on that. And I'll work
17 with Betty to try and find a date. And we'll set
18 it up.

19 Commissioner Rosenfeld, anything you
20 had?

21 COMMISSIONER ROSENFELD: No. Glad I
22 wasn't here.

23 (Laughter.)

24 ACTING CHAIRMAN MOORE: All right, with
25 that we are adjourned to executive session in my

1 office.

2 And we will then adjourn for the day.

3 Thank you, all.

4 (Whereupon, at 11:00 a.m., the business
5 meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, VALORIE PHILLIPS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said business meeting, nor in any way interested in outcome of said business meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of October, 2001.

VALORIE PHILLIPS

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